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ECONOMIC AFFAIRS



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PLANNING AND PLAN IMPLEMENTATION

UKRAINIAN GOSPLAN OFFICIAL DISCUSSES ECONOMIC PLANNING

Kiev PRAVDA UKRAINY in Russian 21 Oct 83 p 2

[Article by V. Masol, Deputy Chairman of UkSSR Council of Ministers, Chairman of UkSSR Gosplan: "The Planned Management of the Economy"]

[Text] The Communist Party and the Soviet government, at all stages of the development of socialist society in our country, have paid, and continue to pay, the most serious attention to the administration of the economy. Mature socialism, with its tremendous production and scientific-technical potential, its complicated economic ties, and the expansion of all forms of social division of labor, presents new tasks also in the area of the improvement of the entire economic mechanism.

Emphasizing the exceptional importance of the problem that is currently confronting us, Comrade Yu. V. Andropov, in his speech at the June 1983 Plenum of the CPSU Central Committee, noted, "Guaranteeing the well-organized, continuous operation of the entire economic mechanism is both a need for today and a program task for the future. It is a component part of the overall process of the improvement of our social system."

With the adoption of the well-known decrees of the CPSU Central Committee and the USSR Council of Ministers in July 1979, there began in essence a new stage in the large job of improving the planned management of the socialist economy. Whereas the economic reform of 1965 affected only industry, and that was basically with regard to its primary link (enterprises and associations), today we are consistently and in a well-coordinated manner carrying out measures to improve the mechanism of economic relations in industry, construction, agriculture, and the agroindustrial complex as a whole, in transportation, and in other branches of material production and the nonproduction sphere. Moreover, all the levels of the economic-administrative hierarchy have been encompassed: associations (enterprises) and organizations, branch ministries and departments.

During the past four years the republic has carried out a large amount of organizational-methodology and planned work to implement the decisions that were made. More than 80 normative documents were sent to the outlying areas for the purpose of raising the level of planning activity and improving the economic mechanism, and the target-program method of planning is being introduced. For

the 11th Five-Year Plan in our republic, six republic-level comprehensive target programs and 35 programs for the resolution of very important scientific-technical problems have been formed, as well as approximately 300 branch and regional (oblast) scientific-technical programs. The preparation of identification record cards for associations and enterprises has been completed; they are used when developing the plans. We are carrying out the further reinforcement of economic contract relations and employing new indicators for planning and evaluating the activities of the associations, enterprises, and organizations. The schedules for the delivery of output are being observed more strictly, and the contractual obligations are being fulfilled better. In the first half of 1983, as compared with the same period last year, the number of production associations and enterprises that failed to fulfill the plan for the sale of output with a consideration of the delivery pledges, dropped by almost 8 percent.

It is well known that the process of improvement of production relations must keep in step with the development of the productive forces, and the measures being employed here must be adequate for the economic realities and must take into consideration both the existing capabilities and the tasks at hand. At the same time, that path is not smooth, and one encounters along it various difficulties and obstacles.

In individual ministries and departments of UkSSR the introduction of the new system of planning and management is being carried out formally, and sometimes one observes in this regard a shortage of concreteness and persistence. The ministries that are especially lagging behind in this work are UkSSR Minchermet, UkSSR Minlegprom, and UkSSR Minugleprom. Because of the serious shortcomings in the organization of production, unproductive expenses, and losses from poor business practices, the increase in the production costs of output as compared with the planned costs, and, as a consequence, the underfulfillment of the plans for profit, until the present time not a single one of the industrial ministries or departments that are subordinate to UkSSR Council of Ministers (excluding Glavplodvinprom) has been changed over to the normative procedure for the distribution of profit, and this, as everyone knows, is one of the most important initial conditions for the development of cost-accounting relations at the present-day stage.

When planning capital investments, there are still many ministries and departments, and associations and enterprises, that submit insufficiently substantiated, excessive production orders for new construction, and this is restraining the process of improving the investment policy, of improving the reproduction and technological structures of capital investments. UkSSR Gosplan has not yet completed the changeover of the production associations and enterprises to the direct, prolonged economic ties, and has showing insufficient initiative in carrying out measures that assure the guaranteed comprehensive supplying with materials and semifinished goods through a system of territorial administrations.

Many of these difficulties are of an objective nature. We are speaking, first of all, about a different degree of training in the various branches of the national economy, their production-technological and economic peculiarities, which make it impossible to change over to the planning by the new method simultaneously on a scale of our entire economy. At the same time the lack of

synchronization in this changeover leads to a situation in which the effectiveness of the work performed by the associations and enterprises that have begun to introduce the new indicators and methods of management sometimes is seriously reduced, because the cooperating enterprises and other links in the economic mechanism that have close economic relations with them are still working in the old way and do not have a self-interest in the final success. It is for that reason that it was stipulated ahead of time that the complete benefit from the introduction of all the planned measures should not be expected any earlier than the 12th Five-Year Plan, when all the branches in the national economy will be changed over to the new method of operation.

Large difficulties in planning and accounting-statistical work arise in connection with various methods of carrying out the value measurement of the output being produced in the various branches. As is well known, the 1979 decree, in addition to the introduction of the indicator of normative-net output, stipulated the use for individual branches and production entities, with a consideration of their peculiarities, of other indicators that define more precisely the dynamics of production, the increase in its effectiveness, and the increase in labor productivity. The experience accumulated as a result of the changeover of a number of branches to the evaluation of the work on the basis of the normative-net output has confirmed both the positive and the negative aspects of this indicator, which were revealed as early as the course of the experiment that was conducted during the years of the 9th and 10th Five-Year Plans. That is why, simultaneously, in a single system of indicators, provision was made for the use also of other gauges, including a definition of the assignments in physical terms, the increase in the production of articles with higher category of quality, and, for evaluating the fulfillment of the delivery pledges based on contracts that had been concluded, also the volume of the output to be sold. Thus, not only the overall volume of output is being regulated in a planned manner, but also its substantive makeup in physical terms, and this makes it possible to better consider the social and personal needs in specific consumer values.

At the same time the practical carrying out of the measures to improve the economic mechanism revealed the need for the further expansion of the rights of the primary links of administration. It was the resolution of these problems that was the main purpose of the decree that was adopted in late July of this year in conformity with the decisions of the November 1982 Plenum of the CPSU Central Committee -- the decree of the CPSU Central Committee and the USSR Council of Ministers, entitled "Further Measures for Expanding the Rights of the Production Associations (Enterprises) in Industry in Planning and Economic Activities and for Intensifying Their Responsibility for the Results of Their Work." In accordance with that decree, as of January 1984 in a number of union, union-republic (including UkSSR Minpishcheprom), and republic ministries, a large-scale economic experiment is to begin, in the course of which, in addition to the consistent and purposeful introduction of time-tested forms and methods of administration, a system of additional measures will be carried out for the purpose of expanding the rights of the production associations (enterprises) in the planning of economic activity, in guaranteeing their genuine self-interestedness in the attainment of the high effectiveness of production. All these measures are aimed at the further improvement and reinforcement of the centralized administration of the economy in combination with the development

of the democratic principles in the management of the national economy, with the increasing of the role of the labor collectives in the administration of the production associations (enterprises), and the broad introduction of cost accounting.

It is planned to use the economic experiment to evaluate the economic activity of the associations (enterprises) primarily in fulfilling the planned assignments for volume of sale of output, proceeding from the delivery pledges based on the products list (variety), quality, and within the time limits specified by the concluded contracts or production orders that were received.

Something that remains a very serious task at the present stage is the search for the optimal forms of combining scientific-technical progress and economic practice. At the November 1982 and June 1983 Plenums of the Central Committee an acutely critical evaluation was justifiably made of the state of affairs in this area. In the recently enacted decree of the CPSU Central Committee and the USSR Council of Ministers, entitled "Measures to Accelerate Scientific-Technical Progress in the National Economy," a broad complex of measures was specified for achieving a fundamental improvement in all the work of accelerating the introduction into practice of the achievements of science and technology and advanced experience, and combining in the practical situation the advantages of our socialist system and the achievements of the latest phase in the scientific-technical revolution. It specifies a harmonious system of organizational, economic, and psychological measures, which encourages scientists and designers, administrators and workers, to renovate the technology, and make work according to the old methods unprofitable. There will also be broad use of such economic levers as incentive differentials and bonuses for successes in scientific-technical progress, and using "ruble pressure" on those who have not been keeping up with its brisk pace.

There have been substantial shortcomings in questions of the creation and introduction into production of new technology in our republic. The system of material incentives has, as yet, encompassed only an insignificant number of scientific-technical measures being introduced. Nor can one consider to be efficient the use of the money in the single fund that has been created for the development of science and technology, the overwhelming part of which fund is being channeled into the sphere of science and only an insignificant part of which is being channeled into the assimilation of new technology by industrial enterprises. In practice, certain scientific-research organizations still devote very little attention to questions of the creation of new technology and progressive technological schemes, and many experimental enterprises are engaged basically in the production of series output. For example, in 1982 the share of the experimental projects at the Experimental Equipment Plant of the Uglemekhanizatsiya NPO [Scientific-Production Association] of UkSSR Minugleprom was only 4 percent. Insufficient attention is being devoted to the development of new machinery, equipment, and progressive technological processes at the Scientific-Research Institute of UkSSR Mindorstroy. Whereas in the 10th Five-Year Plan 40 percent of the completed research and development was devoted to these vitally important questions of technical progress in road building, in 1981 that share was only slightly more than 20 percent. One could give additional examples of this sort.

Apparently something else that requires re-examination is the practice of using the scientific potential which has developed in our republic. More than 70 percent of the total number of doctors and candidates of sciences are employed in science in academies and institutions of higher learning, at the same time that the industrial enterprises in our republic employ only 2.2 percent of those highly qualified specialists. We might also note that in East Germany more than 90 percent of the scientific potential is concentrated in production. In Hungary 85 percent of all the scientific-research activities are financed by enterprises and ministries.

Linked with the introduction of the achievements of science and technology into production and with the improvement of the planning reference points are the increase in labor productivity, the economical use of fuel, energy, metal, and other material resources, and the improvement of all the qualitative indicators. It cannot be said that there have been no improvements in this regard. For example, simply as a result of the implementation of the measures to raise the technical level of production which were stipulated by the republic's comprehensive "Labor" target program, during the first two years of the five-year plan 5,400 shops, sectors, and production entities were completely mechanized or automated, there was a relative freeing of approximately 300,000 persons in industrial production, and the saving from the reduction of the production costs of commercial output came to more than 1.2 billion rubles.

Nevertheless the unused reserves for the economizing both of live labor and of embodied labor are still great. Also, as is indicated by an analysis of the use of manpower, there exists a definite tie between the shortcomings in the establish of quotas and labor discipline. Easily overfulfilled quotas for individual output have a weakening effect upon the worker and create the economic prerequisites for the violations of labor discipline and losses of work time.

In our republic's industry, approximately 87 million individual-output quotas are currently in effect, of which three-fourths of them are technically substantiated. Frequently the quotas being employed do not reflect the complete expenditures of labor that are necessary for the attainment of the planned indicators for the increase in its productivity. This is attested to by the following data. Despite the fulfillment of the 1982 plan for labor productivity in our republic's industry by 100.8 percent and in construction by 98.7 percent, the individual-output quotas, on the average, were fulfilled respectively by 122.5 and 135.5 percent. Also, in industry approximately 6 percent of the workers do not fulfill their established quotas because of perceptible intrashift losses of work time, which are the consequence of poor organization of labor, the sometimes insufficient degree of proficiency among the workers, and the uneven rate of material-technical supply. Enterprises and organizations are failing to fulfill the plans for re-examination of the quotas and the pledges that were taken by collective contracts to reduce the labor-intensity of the operations. The approach that is taken to preparing the plans for the re-examination of the individual-output quotas is frequently a formal one, and that work is not coordinated with the carrying out of organizational-technical measures that guarantee the increase in labor productivity. The re-examination of the quotas with a view toward increasing them is being carried out slowly. For certain ministries the share of the quotas that are re-examined every year does not exceed one percent. Against that background one continues to observe

considerable losses of work time because of whole-day and intrashift periods of idle time, absenteeism, and administrative leave. There also continue to be large losses from manpower turnover, although one can also observe a tendency to the lowering of its level.

Thus, we still have work to do in order to smooth out the economic mechanism, to realize completely all the principles stated in the enacted decrees concerning the observance of labor discipline, in order to increase the growth rates of labor productivity and to free that process of the influence of the factors that have been holding it back.

A problem that is taking on exceptionally great importance under the conditions of the public's constantly growing monetary income and the ever-increasing demand for consumer goods that are in short supply is the problem of establishing an economically substantiated correlation between the mechanics of labor productivity and wages. During the recent five-year plans one began to notice more and more clearly a tendency toward the change in that correlation in favor of wages. This violates one of the initial economic laws, since the payment of labor should evolve directly from its results, and the quantity and quality of the output produced. The need for the strictest planned supervision of the observance of the correct correlation between the gauge of labor and the gauge of its remuneration, as well as the mobilization of all the reserves for increasing labor productivity as the chief factor for increasing wages, was indicated at one of the recent sessions of the Politburo of the CPSU Central Committee.

At the present time a number of decisions have been made, as everyone knows, also for improving the administration of the use of material resource. Several republic programs are being carried out. In the first half of 1983 alone in UkSSR there was a saving of 2.3 billion kilowatt-hours of electrical energy and 7.3 million gigacalories of thermal energy. At the same time, in a number of production entities in ferrous metallurgy, in the building materials industry, and in the coal and food industry the quotas for the expenditure of energy resources are not only not being reduced, but are even growing. A number of ministries have failed to organize supervision over the carrying out of measures to economize fuel and energy, and sometimes the measures that have been developed prove to be insufficiently effective.

Metal losses continue to be large. The coefficient of use of rolled ferrous metals at enterprises in machine-building ministries fluctuated in 1982 within the limits of 0.66 to 0.82. The waste products of ferrous metals in machine-building and metal-processing in the republic reached 3.5 million tons, and that exceeds the 1981 level. Computations indicate that 44 percent of all the waste products are shavings. There have been large losses from corrosion. One of the substantial causes of overexpenditure of rolled metal is the fact that the enterprise needs for economical types of improved-quality metal output have not been satisfied. In the 11th Five-Year Plan, UkSSR Minchermet has been regularly underfulfilling the plans for production of most of the scarce and economical shapes of rolled ferrous metals. For example, in 1982, out of 32 types of metal output, the plan for production of them was fulfilled for only 12 types; and in the first half of 1983, out of 25 types, only 15. On the plan

for the first half of the year there was an underfulfillment of a considerable amount of rolled metal made of low-alloyed steels, heat-hardened rolled metal, sheet hot-rolled steel and sheet cold-rolled steel, etc. For that reason alone there was an underachievement of the estimated economizing of steel in the national economy of more than 140,000 tons.

Consequently, in the area of the use of material resources also it will be necessary to adjust the economic mechanism in such a way that the introduction of technological schemes and technology that save fuel, energy and materials, the improvement of the norm lists, and thrift become an organic part of management as a whole. In the economic experiment that is beginning, it is planned to establish a closer link between the material incentives fund and the lowering of the expenditures for production.

An important condition for the feasibility of our plans is continuous material-technical supply. Recently a number of decisions were made by directive agencies, which increase the responsibility of economic agencies for observance of contractual obligations for the deliveries of output. A progressive form of enterprise supply, i.e., direct long-term economic ties between suppliers and customers, is being developed further. In 1982 the deliveries of output by agencies of UkSSR Gosstab within the framework of such ties increased by 7.6 percent as compared with 1981, and came to 3.6 billion rubles. Regular inspections of enterprises are being carried out, and penalty sanctions are being employed in the event of establishment of above-norm balances or instances of nonallocation release of materials in short supply.

The planning of the quality of output is improving. The production of articles with a higher category of quality is becoming one of the fund-forming indicators. By decree of the USSR Council of Ministers and the AUCCTU, entitled "Additional Measures for Reinforcing Labor Discipline," it was deemed desirable to increase the material responsibility borne by the workers and employees for the production of rejected output. It must be said that the territorial agencies of Gosstandart are using with increasing decisiveness the economic sanctions as applied to enterprises that have failed to observe the requirements stated in the standards and specifications. In 1982 alone the total number of such sanctions against the republic's enterprises was 1810, with a total amount of more than 40 million rubles. Other steps being taken are those that exert a legal effect, as well as other property, bank, and financial sanctions.

At the present time, when working on the draft version of the plan for 1984, consideration is being made of the proposals for a major renovation of the variety of the consumer commodities, and for the reduction or complete removal from production of those commodities for which the demand has decreased.

Obviously, however perfect the economic mechanism may be, its successful operation requires the strictest observance of state, planning, and executive discipline. The republic's Gosplan bears the complete fullness of responsibility for the quality of the plans being drawn up, monitors the rate of their fulfillment, and makes sure that no unsubstantiated adjustments are made to the plan. It regularly checks the observance of planning discipline in the ministries and departments, and takes steps to improve the economic-planning work. In addition,

UkSSR Minmyasomolprom, UkSSR Minlesprom, and UkSSR Ministroyaterialov have introduced corrections for increasing the assignments for the first half of 1983.

But, of course, there are still shortcomings in the activities of the planning agencies. The work style and methods of the Gosplan apparatus require further improvement. Under the present-day conditions UkSSR Gosplan sees its task in achieving a substantial rise in the level of substantiation of the planning decisions, the consolidation of the tendencies that have been noted in the improvement of the basic economic indicators, the intensification of the supervision over the observance of planning discipline in all links of the economic mechanism, and the complete subordination of the plan to the tasks of the successful implementation of our party's economic strategy.

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INVESTMENT, PRICES, BUDGET AND FINANCE

DEPUTY FINANCE MINISTER CALLS FOR BETTER ECONOMIC ANALYSIS

Moscow FINANSY SSSR in Russian No 12, Dec 83 pp 3-9

[Article by V. V. Dementsev, first deputy minister of finance of the USSR: "For Further Improvement of Economic Analysis"]

[Text] Our country has advanced considerably in all areas of creating the material-technical base of communism. Profound qualitative progress has been made in all fields of the life of society; the rate of scientific-technical progress has accelerated; new sectors have emerged, and the very appearance of enterprises and production works has changed. Important changes have occurred in the distribution of labor forces; new regions are being actively incorporated, and large territorial-production complexes are being formed in the Urals, Kazakhstan, and the Far East. The technical base of agriculture has been greatly strengthened, and the USSR Food Program for the period until 1990 and a number of other comprehensive target programs have begun to be implemented.

A great deal of work has been done to improve the management system for agriculture and introduce the new method of planning and economic incentive, which has been one of the factors in our economic growth.

The 26th CPSU Congress defined increasing the efficiency of the economy and stepping up its intensification as the most important political-economic challenge in the contemporary phase. The speech by General Secretary Yu. V. Andropov at the November 1982 and June 1983 Plenums of the CPSU Central Committee emphasized that the Soviet Union has entered a new stage of economic development, when increasing opportunities and social demands necessitate a major improvement in the level of all economic work, a sharp rise in economic efficiency, and conversion of our entire vast economy into a reliably working, well-adjusted mechanism. Not only has the time now come for fundamental qualitative changes in production forces and the corresponding improvement in production relations, but they have become inevitable.

A fundamental rise in labor productivity is the key challenge in the economic sphere. Extremely judicious use of the production and scientific-technical potential that has been created needs to be followed and the backwardness of a number of sectors must be overcome. The struggle for economy and thrift and rational use of raw materials, energy, and labor, financial, and natural resources is of special significance for increasing production efficiency.

The ultimate goal of all our efforts in the economic sphere is to improve people's living conditions and increase their well-being.

Thanks to work which is being done by party, Soviet, and economic organizations to carry out the decisions of the November 1982 Plenum of the CPSU Central Committee, positive advances have been made in our nation's economy and general economic indicators have improved this year. These tendencies must be consolidated and strengthened.

In order to accomplish the economic and social tasks which face our society, economic analysis of economic activity as an inherent element of scientific planning and management is of great significance.

Some positive results have been achieved in recent years in the field of economic analysis. More attention is being devoted by both scientists and practical workers to analyzing economic activity. Ministries, associations, and enterprises continue to develop progressive forms and directions of analytical work and new methods of analyzing economic activity and to introduce them. Future analysis (preventive) as well as operational (current) analysis is being used more and more. The work of the scientific-technical society and the public bureau of economic analysis has been stepped up, and the Economic Science Society and its sections on reporting and analyzing economic activity have begun to function.

The third all-Union scientific-practical conference, which took place in September 1983 in Moscow under the name "Organization and Methods of Economic Analysis in Industry" and was held in the Hall of Columns of the House of Soviets, was devoted to problems of improving analytical work. It was organized by the All-Union Council of Scientific-Technical Societies, the USSR Ministry of Finance, USSR Gosbank's board of directors, the USSR Ministry of Higher and Secondary Specialized Education, the editorial board of EKONOMICHESKAYA GAZETA, and the Central Administration of the Economic Science Society. Taking part in the conference were managers and specialists in the field of economic analysis in industry, representatives of the finance-banking system, scientific-technical societies, and the bureau of economic analysis, well-known economic scientists, VUZ teachers, and associates of a number of scientific research organizations. Attending the conference were important workers from the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU, USSR Gosplan, the Moscow City party committee, and the Moscow gorispolkom, and executives from a number of ministries and departments.

A total of 648 people participated in the plenary meeting and the work of five sections. About 200 practical specialists and scientists took part in discussions on the 170 subject reports which were heard.

The conference discussed and outlined the paths for further scientific elaboration of questions of the theory and practice of analysis, for increasing its efficiency, and for multilateral exchange of experience in analytical work. There were especially sharp discussions on the basic directions of improving analysis, including the path of development of financial-economic, operational, comparative, and functional-cost analysis.

The conference adopted a number of recommendations: in the fields of the theory and methodology of economic activity analysis; on the methods of analysis; on the organization of analytical work; on the development of forms of participation by the community in conducting economic analysis; and, on training and raising the skills of personnel. A large role in carrying out these recommendations belongs to USSR Gosplan, the State Committee for Science and Technology, the USSR Ministry of Finance, USSR Gosbank, and the USSR Ministry of Higher and Secondary Specialized Education, as well as sectorial ministries and departments.

The need to solve a number of problems which face the national economy in the stage of comprehensive intensification of public production has determined practical directions for improving and intensifying analysis of economic activity.

Economic analysis of economic activity constitutes one of the important functions of management at all levels. As a method of knowledge about economic phenomena, on the one hand it is supposed to reveal the content of existing phenomena which are reflected in economic indicators, while on the other hand it is supposed to show which economic and planning organs (ministries, departments, associations, enterprises) induced them. That is, analysis of economic activity should not only determine the content and nature of changes in the material-technical base, in labor productivity, and in other indicators of production efficiency, but it should also identify the causes which induced them and determine which collectives' activities brought about the results achieved. The arsenal of methods and procedures of economic analysis should be oriented to detailed economic substantiation of management decisions through which management functions are realized.

When analyzing, special importance should be attached to questions of introducing scientific-technical achievements. A decree was adopted not too long ago by the CPSU Central Committee and USSR Council of Ministers entitled "Measures to Accelerate Scientific-Technical Progress in the National Economy." In accordance with the policy worked out at the 26th CPSU Congress of allout intensification of public production, the scope of utilization of the achievements of science and technology in the national economy has increased significantly. Domestic science is having a significant effect on strengthening the economic and defense power of our Motherland and on increasing the material well-being and sophistication of the Soviet people. However, as was noted at the June 1983 Plenum of the CPSU Central Committee, introducing scientific-technical achievements into practice is still not going well.

In a number of ministries, departments, and associations, responsibility for the technical level of production, for improving the quality of output, and for increasing its competitiveness is too low. The role of economic services in this important matter is still weak. These services must more actively influence not only the determination of economic efficiency, but also introduction of scientific-technical achievements in the national economy.

Development of the economy today is to a great extent predetermined by the scope, quality, speed, and efficiency of the development and introduction of new equipment. In light of this, from the national economic point of view it is extremely important to build construction projects that are highly

economical from the moment of their appearance and not permit superfluous expenditures. One of the most efficient methods to achieve these purposes is functional-cost analysis. It makes it possible to predict the appearance of excessive expenditures when building new construction projects; to insure a level of overhead which does not exceed what was envisioned, when costs are incurred; to reduce or eliminate economically unjustified expenditures when using the site; and to obtain maximum results from recycling in the recovery process.

The most active functional-cost analysis is being introduced in electrical equipment industry. The economic impact of applying this type of analysis there has exceeded 50 million rubles. More than 20,000 tons of rolled ferrous metals were saved. In the 10th Five-Year Plan, implementing work on functional-cost analysis saved the labor of 1,500 workers. In the 11th Five-Year Plan the sector intends to obtain a savings of 100 million rubles.

Sectorial systems of functional-cost analysis have been or are being created as well in the ministries of Electronics Industry, Machine Building for Light and Food Industry and Household Appliances, Power Machine Building, Automotive Industry, Chemical and Petroleum Machine Building, and others.

The method of functional-cost analysis is being increasingly applied at industrial enterprises in Moscow, Leningrad, Kuybyshev, Novosibirsk, and numerous cities in the Ukraine, Belorussia, Armenia, and other republics. Nonetheless, despite obvious successes in applying this method, the scope of its introduction does not meet contemporary demands. Therefore, it is essential to introduce functional-cost analysis actively in all spheres of the national economy. The basic links where it should be carried out are the enterprise, budget organization, and scientific research institute.

The problem of raising the output-capital ratio is crucial. By mid-1983 the nation's fixed capital exceeded 2 trillion rubles, including fixed production capital of more than 1.3 trillion rubles. In the first two years of the 11th Five-Year Plan alone fixed production capital in industry increased by almost 15 percent. At the same time, the decline of the output-capital ratio continued, and it is the summary indicator of the efficiency of use of means of labor.

Significant reserves for increasing the efficiency of production potential continue to go unused. Thus, the slow incorporation of capacities already introduced into operation is having a negative effect on the output-capital ratio, which does a great deal of economic harm to the national economy. That is why economists of all enterprises, associations, and ministries and employees of the finance-banking system should analyze more deeply the factors which influence the output-capital ratio and increase it -- through incorporating capacities at the right time and increasing the shift coefficient of equipment. The actual economic efficiency of renewing fixed capital, modernizing equipment, and reconstruction must be comprehensively analyzed. Analysis should make it possible to adopt substantiated management decisions directed at increasing the actual economic effect of introducing new equipment and technology and new systems of organizing production, labor, and management.

The character of socialist production relations and the action of economic laws bring about the objective need to reduce the prime cost of output. Systematic reduction of the general level of prime cost is an objective matter of socialist production which reflects actual savings of live labor and material and financial resources. Nonetheless, in recent years the struggle to reduce prime cost has been slightly slackened at many enterprises and even in certain sectors as a whole. In particular this applies to enterprises and associations of the USSR ministries of Petroleum Refining and Petrochemical Industry, Coal Industry, and Fish Industry which at times permit significant excesses above the planned prime cost. As is well-known, practical measures directed at increasing the role of the prime cost indicator in management of the economy and reducing material and other expenditures in production are being implemented in the national economy today. In connection with this, the role of analyzing prime cost according to cost subheadings of expenditures must be increased when evaluating the assignments for prime cost of output and adherence to the ceilings for material expenditures; its dynamics must be taken into account for the whole production period of the articles, and work to reduce nonproductive expenses and losses through mismanagement must be carried out more actively.

One of the main factors in reducing prime cost is rapid growth in labor productivity as compared to increase in wages. However, in recent years a slow growth rate in the productivity of public labor as a whole and a deterioration of its ratio to the growth rate of average wages has been observed. Violation of economic proportions has negative consequences, retards the growth of socialist savings to expand production and housing and sociocultural construction, limits the opportunities for carrying out measures to increase the people's standard of living, and complicates monetary circulation.

The 26th CPSU Congress defined insuring that growth of labor productivity is faster than growth in wages as one of the most important national economic tasks. Therefore, analytical work should be focused on indentifying the whole range of factors which influence the ratio of the growth rates of labor productivity and wages. It would also be proper to devote a great deal of attention to its practical results.

Increasing the technical level of production and accelerating scientific-technical progress is an important factor in the growth of labor productivity. At the November 1982 Plenum of the CPSU Central Committee, Yu. V. Andropov emphasized that reserves in the national economy "must be sought in stepping up scientific-technical progress and introducing the achievements of science, engineering, and progressive experience into production extensively and rapidly." Scientists and practical workers are faced with the task of developing and using those methods of analyzing labor productivity which would make it possible to identify the impact of this principal factor -- the acceleration of scientific-technical progress.

Employees of sectorial ministries, associations, and enterprises should systematically conduct analyses of the use of labor resources and labor productivity, devoting special attention to the rate of reducing the labor-intensiveness of incorporated output, mechanization of manual labor, elimination of work under difficult and harmful conditions, the efficiency of introducing normative planning of the wage fund and applying progressive methods of organization and labor payment, the ratio of the growth rates of labor productivity and wages, and

objective evaluation of the wisdom of using one indicator of labor productivity or another. Work on comprehensively analyzing labor discipline and realizing reserves existing there, improving the utilization of work time, improving the organization of labor and establishing orderly production, and detailed analysis of the positive experience of labor collectives should be activated.

In the current phase one of the most serious questions is efficient utilization of regulated working capital. At the present time it totals more than 91 billion rubles in industry alone, and has increased by more than 14 billion in the last two years. However, incorrect use of it at certain enterprises and organizations is leading to retardation of the rate of turnover of working capital, underfulfillment of assignments for putting material resources into economic circulation and reducing above-plan balances of uninstalled equipment, and deterioration of the financial position of enterprises and organizations in the sphere of material production.

In accordance with the established assignment, ministries and departments of the USSR and the Union republic Councils of Ministers in 1981-1982 were supposed to draw 5.6 billion rubles worth of material resources into economic circulation. This assignment was not fulfilled; material resources in circulation increased by 1.5 billion rubles, and in industry the underfulfillment was 2.3 billion. This was especially significant in enterprises and organizations of the USSR ministries of Light Industry (628 million rubles), Food Industry (622 million rubles), and Meat and Dairy Industry (191 million rubles). One of the basic causes of underfulfillment of the assignment and the retardation of the rate of circulation of regulated working capital is rapid growth in stocks of physical commodities as compared to production volume. For example, the increase in volume of production in 1982 was 1.9 percent in the Ministry of Heavy and Transport Machine Building, while stocks increased 3.6 percent; in the Ministry of Machine Tool and Tool Building Industry the corresponding figures were 5.6 and 8.1 percent.

The problem of enterprise cost accounting material accountability for the use of working capital has become even more urgent in recent years in connection with the fact that they are faced with looking for large reserves for the liquidation of loans which were given on the increase in norms of their own working capital. Specialists in the field of economic analysis must direct their efforts to developing and implementing measures which would help eliminate the basic causes of the retardation of the rate of turnover of working capital and the formation of above-plan stocks of physical assets, which influence the growth of national income and cause financial problems.

In June 1983 the party Central Committee and USSR Council of Ministers adopted a decree entitled "Additional Measures to Expand the Rights of Production Associations (Enterprises) of Industry in Planning and Economic Activity and for Strengthening Their Responsibility for Work Results." The great significance of this document, adopted in accordance with the decisions of the 26th party congress, is that the measures outlined should improve management of the economy and create conditions for improving the style and methods of management.

An extensive economic experiment on expanding the rights of production associations (enterprises) in planning and economic activity and strengthening their

responsibility for work results is to be conducted in the USSR ministries of Heavy and Transport Machine Building and Electrical Equipment Industry, the Ukrainian SSR Ministry of Food Industry, the Belorussian SSR Ministry of Light Industry, and the Lithuanian SSR Ministry of Local Industry. It is intended to insure an increase in production and quality of output while reducing expenditures for production, accelerating the development and introduction of new equipment, developing initiative, increasing the interest of labor collectives in final results of activity, and strengthening cost accounting. The main thing in the experiment is improving all spheres of management of the economy and creating those economic and organizational conditions which stimulate high-quality, highly productive labor, initiative and enterprise, and intensification of production. Developing the measures indicated in the decree and insuring their comprehensive soundness and practical verification poses tasks of great significance for economists, scientists, and practical workers. USSR Gosplan, the State Committee for Science and Technology, the USSR Ministry of Finance, and the USSR State Committee for Labor and Social Problems are charged with insuring systematic monitoring of the conduct of this economic experiment.

At the June 1983 Plenum of the CPSU Central Committee, Yu. V. Andropov said: "At the 26th congress we clearly announced the need to insure a close link between economic and social policies. This is understandable. After all, the ultimate goal of our efforts in the economic sphere is to improve living conditions for the people."

Comprehensive planning of the development of production forces has found reflection in writing unified plans of economic and social development in the 11th Five-Year Plan and strengthening the interest of members of labor collectives in systematically raising their qualifications and in the large amount of work to be done on indoctrinating a communist attitude toward labor. But there is a significant gap in practical and theoretical work on analyzing economic activity in that it does not adequately reflect a comprehensive analysis of the technical, economic, and social development of an enterprise. Analysis of economic activity today should be socioeconomic. Social aspects must be strengthened in order to disclose the influence of social factors on the efficiency of using the technical base of enterprises and the impact of high final economic results on the creation of optimal conditions for improving man himself.

Along with comprehensive analysis the application of thematic analysis must be expanded. This means analysis of certain questions which are put forward as paramount during economic development. In order to implement the decisions of the party and government, it is necessary to effectively test the state of affairs in particular areas of the national economy and work out programs of measures to achieve the established goals which fit the actual conditions of the particular association or enterprise. It should be noted that one must not contrast full comprehensive analysis of economic activity to thematic analysis, which supposedly is not comprehensive, since even for a narrow topic it has to be comprehensive in character, as a part of the whole.

Accounting and reporting are very important. Decree No 59 of the USSR Council of Ministers, dated 24 January 1980, charged USSR ministries and departments with implementing measures to significantly improve the organization of

accounting at subordinate associations and at enterprises, organizations, and establishments. Nonetheless, inspection materials confirm that there are still fundamental shortcomings in the organization of accounting in the national economy. Proper measures are not being taken to introduce standardized primary documents and a normative accounting method. Additional measures must be adopted to further improve the condition of accounting at associations, enterprises, and organizations.

The paramount role in improving accounting and analysis belongs to specialists in these areas of activity. But the situation with staffing of accounting offices and keeping young specialists in accounting and analytical work is not improving fast enough. Our leading scientists and specialists in the field of accounting and economic analysis are called on to render great assistance in training young personnel.

I think we must strive to see that economics, procedures for accounting and analysis, and cash counting are studied in depth at all secondary and higher educational institutions, regardless of their specializations.

The development and refinement of economic analysis must encompass not only its theory and methodology, but also methodological problems, practical organization of analytical work, and forms of community participation in analysis, as well as questions of training personnel and raising their qualifications.

Scientific and practical workers in the field of analysis of economic activity are called on to solve, from the Marxist-Leninist point of view, problems that arise, to focus their attention on research on the optimal system for finding current reserves for raising the efficiency of public production and the quality of work, to develop scientifically substantiated methods of mastering the tool of economic analysis, and to take all the necessary measures to improve its quality and comprehensiveness. It is extremely important to persistently bring the results of analysis to labor collectives, thereby raising the level of economic knowledge among the workers and stepping up their efforts to fulfill the tasks set for them.

Taking account of current conditions and the prospects for future refinement of analysis, obsolete methodological instructions for analyzing economic activity must be revised and economist analysts must be armed with simple methods that help identify and mobilize unused reserves for increasing the efficiency of public production.

Analysis of economic activity must be intelligible and efficient and must help improve the work of enterprises, associations, ministries, and industry as a whole. Well-organized analytical work will help planners and financial personnel consolidate and disseminate everything that is progressive and eliminate shortcomings.

The development and refinement of economic analysis of economic activity will promote fulfillment of the grand resolutions of the Communist Party of the Soviet Union which were defined by the 26th CPSU Congress and subsequent Plenums of the CPSU Central Committee.

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GOSPLAN EXPERTS REVIEW BOOK ON CAPITAL INVESTMENTS

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 12, Dec 83 pp 114-116

[Review by A. Vitin, senior academic associate, Academic Research Economic Institute, USSR Gosplan, and G. Galakhov, chief specialist, USSR Gosplan, of book "Effektivnost' kapital'nykh vlozheniy. Sb. utverzhdennykh metodik" [Effectiveness of Capital Investments: A Collection of Confirmed Methods], "Ekonomika" Publishing House, Moscow, 1983, 128 pages: "Methodological Guidance Regarding the Effectiveness of Capital Investments"]

[Text] The book under review contains three methodological documents: "The Standard Method for Determining the Economic Effectiveness of Capital Investments" (3rd edition), "The Provisional Method for Determining the Effectiveness of Expenditures in the Unproductive Sphere" (principal rules), and "The Provisional Method for Determining the Effectiveness of Expenditures on Measures for the Protection of the Environment."

The timeliness of methodological guidance regarding the effectiveness of capital investments relates to the fact that at present the given problem has not only tremendous economic but also political significance. Under the circumstances of the conversion of the economic structure to an intensive manner of development, there arises, as noted at the June (1983) Plenum of the CPSU Central Committee, a need for the formation of a new type of economic thinking aimed at initiative and socialist enterprise, at increasing accountability, and at a creative search for paths leading to the best ultimate economic results from the least expenditures. As a key resource for expanded socialist production, capital investments to a considerable extent affect the balance of economic development and the resolution of large-scale socio-economic tasks.

The methods published here enrich the theory and practice of determining the effectiveness of capital investments, which include both the branches of material production and the unproductive and environmental protection spheres. The methodological guidance is based upon general principles for calculating effectiveness: the presence of indexes of general and comparative effectiveness, the employment of the index of clean production, the consideration of the time factor and of the social results of the expenditures made, the

employment of a different kind of standards, et al.* The basic recommendations for measuring the effectiveness of expenditures of any sort are reflected in "The Standard Method for Determining the Economic Effectiveness of Capital Investments."

In comparison with previous editions, the current (3rd) edition of the method reflects both a new approach to measuring the economic effectiveness of capital investments and methods of evaluating their most important trends. The essence of the new approach consists of an organic combination of recommendations for the evaluation of the national-economic and the cost-accounting effectiveness of capital investments. A criterion of their national-economic effect is the increase of the newly-created value of the national income, of clean production, or of normative clean production (depending upon the level of management and the availability of information). At the same time, with a view toward introducing cost accounting and employing one's own funds and bank credits, the criterion of effect is characterized by an increase of surplus product, which is expressed by the profit index.

A distinctive trait of "The Standard Method" is the presence of economic standards: the general effectiveness for the national economy and its branches, the standard of comparative effectiveness and of the maximum deviations from it, the national-economic lag in investments and their effect. The peculiarities of the evaluation of the effectiveness of expansion, reconstruction, and technological updating of functioning enterprises; of academic research work in the sphere of conversion; and also of the analysis of actual effectiveness are reflected. In addition, within the corresponding limits are briefly set forth the principal rules of the methods regarding the effectiveness of unproductive and environmental protection investments.**

The fundamental principle of "The Provisional Method for Determining the Effectiveness of Expenditures in the Unproductive Sphere" consists of the comparison of the social and socio-economic effects obtained with the entire sum of expenditures required for their accomplishment. In this regard, it is recommended to calculate the essential features for determining the effectiveness of capital investments and other expenditures in two ways: for branches and projects in accordance with the rendering of material benefits that directly promote raising the level of material well-being of the population and that operate primarily on a cost-accounting basis (the residential-communal economy, repair services, passenger transport, and so forth), and for branches and projects that promote the harmonious physical and mental development of the individual and that operate mainly at the expense of public funds (education, health care, the sciences, culture, physical culture, and sports).

*Academician T. S. Khachaturov discusses these principles in detail in his introductory article to the collection.

**The "Standard Method" is set forth in greater detail in the published consultation (see PLANOVYE KHOZYAYSTVO, 1981, No 5).

In the method, an accurate classification of social and socio-economic results is adduced, and ways of measuring them are recommended. Detailed recommendations characterize the specific character of measuring the general and comparative effectiveness of capital investments, and also the determination of the concomitant economic effect. The latter includes the increase in the amount of real work time as the result of lowering the incidence of sickness and lengthening life expectancy, the increase of productivity and labor quality on account of the involvement in production of more qualified workers, the lowering of the fluctuation of cadres, and the improvement of the physical and psychological status of individual persons and collectives. The effect from these measures is the result of investments in the development of health care, physical culture and sports, passenger transport, recreation and tourism, residential construction, and so forth.

The various manifestations of the effect of investments of an ecological nature are validly classified in "The Provisional Method for Determining the Effectiveness of Expenditures on Measures for the Protection of the Environment." According to the method, their initial effect consists of decreasing the negative influences on the environment (lowering the volumes of pollution and of the concentration of harmful substances), and their ultimate (bottom-line socio-economic) effect of raising the level of life of the population and the effectiveness of public production and of increasing the country's national wealth. As a basis for calculating its economic effectiveness, one can justifiably establish the determination of losses averted as a result of environmental protection measures, which are reckoned by evaluating the natural resources conserved, by the increase of clean production, or by the cost-accounting effect in material production, and also by savings in expenditures in the branches of the unproductive sphere. The recommendations are formulated in accordance with the evaluation of the general effect regarding individual factors of the losses averted (the population's health, the use of industrial equipment and the quality of industrial production, the productivity of agricultural lands and of the fishing industry, and so forth).

The peculiarities of the calculations of general and comparative effectiveness are regulated. In particular, additional indexes of the general effectiveness of expenditures on decreasing the negative influence on the environment and improving its condition in the region are recommended. Methods for determining comparative effectiveness are differentiated depending upon the duration of the environmental protection measures.

An undoubted merit of the collection is its appendixes--examples of calculation for the methods regarding the effectiveness of unproductive and environmental protection expenditures, and also supplemental materials for the last method, which are of a reference-standard nature. Such appendixes and materials essentially facilitate actual calculations regarding determination of the effectiveness of the corresponding measures.

The recommendations of the methods provide the basis for carrying out practical calculations of effectiveness and of technical-economic bases at various

levels: in the planning organs, ministries, and departments, in drafting and academic-research organizations, associations, and enterprises.

The methods have been employed in the preparation of "Methodological Instructions for the Working Out of State Plans for the Economic and Social Development of the USSR," "Methodological Rules for the Formulation of the Basic Directions of the Economic and Social Development of the USSR in the Long Term," and a number of other methodological materials prepared by the USSR Gosplan and other planning organs.

In addition, application at the level of ministries (departments) and enterprises (associations) of a number of new recommendations of the given methods requires the working out of additions of a branch nature. In these additions must find reflection both the concrete definition of certain rules of the methods which are of a general branch nature (the structure of direct and attendant investments; branch standards of general effectiveness; deviations from the common standard of comparative effectiveness; the significance of the lag of investments and its effect, and of the monetary value of the population's time expenditures; and so forth) and also the specific branch features of the calculations (calculation of the effect from expenditures for the support of functioning production capacities in the ore-extracting branches of industry, of the effect on consumers of the services of branches of the infrastructure, and so forth). In the area of the effectiveness of investments of an ecological nature, the establishment of analogous supplements is desirable, and also of standards for the calculation of economic losses averted according to the components of the natural environment at the regional level.

The methodological guides under review contain not only practical recommendations, but also the basis for development of a theory of the effectiveness of capital investments, and for further research on some of the most significant problems of their planning in its interrelationship with the planning of the national economy as a whole. First and foremost, one must note the importance of working out methods of evaluating the predominately intensive employment of capital investments. Practicality also dictates the expediency of searching out methods for the conditional division of expenditures into simple and expanded reproduction. In connection with this, and also with the need for mutually-coordinated planning of capital investments and the acceleration of scientific and technological progress, a deepening of research directed toward the discovery both of common principles and of features for the evaluation and grounding of the effectiveness of capital investments and of new technology is required.

The discovery, in practice employed in planning, of priorities in the determination of the limits of capital investments in their program, branch, and reproduction aspects awaits serious theoretical comprehension. In this respect, it is important more fully to make use of the mechanism for calculations of general and comparative effectiveness, and of the presence of their interrelationship.

The recommendations contained in the methods are fundamental for determining the effectiveness of planned capital investments. However, additional indexes, the use of which would facilitate an increasing of the effectiveness of every phase of the intensive process (drafting, planning, construction, and assimilation of the basic funds and capacities created), are necessary for evaluating the quality of the plan. In working out such indexes, it is important to proceed from ensuring the continuity, planned nature, and balance of economic development. In addition, the practice of planning requires a more complete calculation of the specificity of the use of indexes of effectiveness at different stages of the working out of long-term five-year and annual plans. In this respect, orientation is necessary to their continuity and to the improvement of checking for the realization both of planned and calculated indexes.

On the whole, the working out and publication of the current methods is an important step on the road to increasing the quality of the economic basis of investment decisions made at various management levels. This signifies the establishment of the additional methodological tools necessary for the economical employment of capital investments and the increasing of the national-economic return from them.

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YEVDOKIMOVA'S BOOK ON PRICE FORMATION CRITIQUED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 12, Dec 83 pp 116-118

[Review by V. Kim, candidate of economic sciences, of book "Organizatsiya upravleniya planovym tsenoobrazovaniyem" [Organization of the Management of Planned Price Formation] by T. G. Yevdokimova, Ekonomika Publishing House, Moscow, 1983, 168 pages: "Experience and Problems of the Management of Price Formation in the USSR"]

[Text] Increasing the effectiveness of prices as an instrument for the resolution of socio-economic tasks to a considerable extent depends upon the management of planned price formation. The book under review summarizes the experience of managing planned price formation, which includes the processes of planning, coordination, and analysis of prices and checking on them. It also summarizes the experience of managing price information and discloses the technology of its processes. However, it seems to us that it is incorrect to regard the existence of organs of price formation (of a management system) as a factor that dictates (along with other factors) the necessity of managing price formation. The organs in question arise as a result of the existence of society's need for the management of price formation, but are not its cause. The possibility of managing price formation in a socialist society is dictated by the fact that here there is a state monopoly on the establishment of the prices of goods and of the charges for services. The organs of price formation, in making use of this possibility, meet the need for management of planned price formation.

The USSR State Committee on Prices occupies the central place in the system of the organs of price formation. It approves the basic mass of wholesale prices for the products of heavy industry, around 65 percent of the wholesale and retail prices for industrial goods of popular consumption and more than 70 percent of the prices of foodstuffs. The book discusses the questions of the organization of work on price formation in the all-union and republic price committees, the ministries and departments, the local organs of price formation, and the enterprises; the optimization of the correlation of the principles of centralization and decentralization in the management of price formation; etc.

The chief element in the management of price formation is the planning of prices, the result of which is the working out of price lists. For a great

many forms of goods and services, a corresponding number of price lists is compiled. This is a rather complex element of the country's planned economy. As is evident from the book, there are no secondary tasks in the working out of price lists.

T. G. Yevdokimova devotes much attention to such questions as the indexing (numeration) of price lists; the inclusion in them of this or that article; the choosing of an analog and the comparison with it of a sample of a new article in order to establish economically determined correlations of prices; and the determination of the unit of measurement of a product, in relation to which its price is established.

The book also throws light upon the problem of the coordination of prices. The workers of the branch departments of the price committees spend from 10 to 40 percent of their working time at this task. The coordination must ensure a common level of prices for equivalent products, eliminate the unwarranted large number of them in favor of homogeneous articles, establish a correct correlation of prices for products of similar quality, facilitate an economically validated differentiation of them according to regions of the country depending upon regional conditions of production and realization of goods, etc. T. G. Yevdokimova presents as lawful the view that in order to improve the coordination of prices, it is necessary to achieve common methodological direction of the processes of establishing prices and charges; coordination of prices with the newly-introduced normative-technological documentation on the basis of branch-average standards of expenditures; the working out and introduction of unified models of price lists; etc.

A large space in the book is allotted to questions of the checking of the validity of the establishment and application of prices. An important aspect of the checking of prices is the verification of the observance of price discipline, by which is meant the observance of requirements contained in laws, decrees, methods, instructions, price lists, etc., and relating to questions of the working out, establishment, and application of prices. T. G. Yevdokimova discusses the forms of violation of price discipline and its causes. The latter may be divided into economic (the cost-accounting interest of enterprises in obtaining profits through prices), skill (the low skill of specialists in the area of price formation), and organizational (poor checking by clients of the prices set by the suppliers of a product; late delivery by the ministries to the organs of price formation of materials for the approval of regular wholesale prices and the registration of temporary prices, which leads to realization of production by the enterprises at arbitrarily established prices, unregistered temporary prices, or prices that are out of date).

The book correctly asserts, in our view, that in retail trade, checking will be most effective and regular if the buyers themselves establish all the conditions for the verification of prices (p 104). In addition, this process requires improvement of the methodological and organizational direction of the organs of price formation. It is important that the populace's participation in it gives the organs of price formation an opportunity to obtain reliable and complete information needed for the making of correct management decisions in the sphere of retail prices.

The book goes into the questions of the analysis of price lists, of the level and the dynamics of prices, of their structure and so forth in detail. The author's proposal regarding the possibility of making use, in the planning of the prices of a new product, of an economic analog along with a natural analog (an article) is of practical interest. It is the structure of prices, on the average, for articles of a defined product group or subgroup of the price list which indicates the complex average correlation of the elements of the price for these groups or subgroups (p 126).

The book discusses the questions of price information in sufficient detail. In the opinion of T. G. Yevdokimova, it is related to data on the formation and operation of prices and the rules of price formation (p 77). In classifying forms of price information, the author singles out legal information as an independent type. In our view, it would be more correct to speak of the legal aspect, for example methodological or price list information, since these latter have a compulsory force that makes them obligatory for the organs of price formation and the users of prices. The book sets forth a number of considerations with regard to improving the practice of forming and making use of price information. In particular, its proposal regarding the use for the satisfaction of the requirements of all elements of planned price formation of a common document, or "Passport of Article Price," merits attention.

A special section of the book is devoted to problems of establishing and operating an automated system for processing information on prices (ASPI of prices).

In our view, it is expedient to combine questions of the organization of a reference information service on price formation with an analysis of the status of the ASPI of prices. In any event, the reference is to examination of the management of price formation in its informational aspect. The book examines these questions separately, which could not facilitate the exposure of additional aspects of the analysis of the problem of price information. On p 70, the author asserts that "if the task of determining prices were reduced to determining the cost price of articles and the standard of profits added to the price, such work would have a bookkeeping, mechanical viewpoint devoid of economic validity." But the correct calculation of cost price as the basis of planned price and the determination of the standard of profits within it are the central tasks of planned price formation. The indicated statement emerges as illogical.

On the whole, T. G. Yevdokimova's book makes a substantial contribution to the working out of problems of the management of planned price formation. One can hope that it will attract the attention of specialists in the area of price formation, of workers in planning and financial organs, and of student economists.

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RESOURCE UTILIZATION AND SUPPLY

RSFSR GOSSNAB OFFICIAL DESCRIBES CONSERVATION EFFORT

Moscow MATERIAL'NO-TEKHNICHESKOYE SNABZHENIYE in Russian No 1, Jan 84 pp 9-16

[Article by O. Alekseyev, first deputy chairman, RSFSR Gossnab [State Committee for Material and Technical Supply]: "Towards a Reduction in Material Consumption -- a Comprehensive Program"]

[Text] The November (1982) Plenum of the CPSU Central Committee once again stressed the urgent need for further accelerating the transition of the economy on the path of intensive development and increasing the effectiveness of social production. The intensified tasks must be fulfilled with a comparatively small increase in material expenditures. Measures must be sequentially implemented on strict adherence of norms for the expenditure of fuel, raw materials, metal and other materials, as well as financial and labor resources.

For the successful resolution of this important problem, the organs within our system will have to fulfill a huge task, which will require great effort from each of us.

In accordance with the resolution of the CPSU Central Committee and the USSR Council of Ministers on intensifying conditions of economy for coordinating work on improved application of raw goods and materials performed by the ministries, departments, organizations and enterprises, as well as for implementing efficient control over the course of realization of the planned measures, a republic interdepartmental commission on the economy and rational application of material resources has been created under the RSFSR Council of Ministers. Similar commissions have been created in all the autonomous republics, krais, oblasts, and in the Moscow and Leningrad gorispolkoms [city executive committees]. Sectorial commissions on the economy and rational application of material resources have been formed within the RSFSR ministries and departments. Corresponding commissions have also been formed at numerous administrations, associations, and at enterprises.

The republic interdepartmental commission is performing extensive and effective work. It is giving particular attention to accelerating the introduction of energy-saving, low-waste and waste-free technologies, the comprehensive processing of raw material, the development and expansion of production of economic and effective types of products, and the subsequent reduction in the output of products which do not meet the requirements for reduction in material consumption.

At its meetings, the commission regularly reviews questions associated with improving normative economic management and accounting, increasing the mobilizing significance of norms and standards, timely clarification of effective norms and setting of new progressive norms for the expenditure of material resources, and reduction of product losses during transport and storage. An in-depth and comprehensive analysis is performed on the use of secondary resources and industrial by-products and the effect of material expenditures on the cost of production. Particular significance is being given to the spread of foremost experience in the struggle for economy and thrift.

Recently the republic commission has heard reports by the interdepartmental commissions of the Tatar ASSR Council of Ministers, the Pskov and Rostov Oblispolkoms [oblast executive committees], the sectorial commissions of the Minmestprom [Ministry of Local Industry], Minlegprom [Ministry of Light Industry], Minavtodor [Ministry of Highways], Minrechflot [Ministry of the River Fleet], Goskomsel'khoztekhnika [State Committee for the Supply of Production Equipment for Agriculture], Minvodkhoz [Ministry of Land Reclamation and Water Resources], Mintopprom [Ministry of the Fuel Industry], and other RSFSR ministries and departments. Specific decisions aimed at eliminating the shortcomings which have been discovered have been made regarding all the questions under review. The implementation of the planned measures is under constant control.

The RSFSR Gossnab is actively participating in the work of the republic interdepartmental commission. We are striving to introduce for review the most important, key problems associated with the economical and rational application of material-technical resources. In order to achieve greater effect, the structure of all our organs has been essentially predetermined. An administration for the economy and rational application of material resources has been formed in the central apparatus. The former commodity administrations have been transformed into administrations for the supply and rational application of material resources.

The performed reorganization has made it possible to concentrate our main attention on the most important directions in our work and to intensify control over improving all activity associated with economy. Many questions which were before outside the sphere of influence of the republic's Gossnab workers are now being given primary attention.

Among such most important problems, whose solution determines the effectiveness and quality of our work, is the improvement of the normative base for expenditure of material goods. In determining need and allocating resources, we perform close analysis of the expenditure norms and examine the question of how progressive they are and whether they correspond to the established tasks for economy of raw goods and materials. The expenditure norms at different enterprises and within sectors for the output of identical production are compared. Measures are taken for the introduction of progressive technology which makes it possible to maximally reduce material consumption.

The new and more crucial tasks which have been placed before us have required us to perform a more in-depth study of questions of standardization and to

strive toward the universal introduction of progressive norms which make it possible to ensure rational application of raw goods and materials. The methodical directives of the RSFSR Gosplan [State Planning Committee] regarding the order of development of expenditure norms and indicators for the economy of material resources in planning and economic management activity of the ministries and departments, associations, enterprises and organizations of the republic have been called upon to facilitate this end.

Our committee's party organization is making a significant contribution to mobilizing workers in the central apparatus for seeking economic reserves. Questions of the rational application of raw goods and materials are regularly discussed at party meetings and party bureau sessions. Managers systematically present reports here. Workers of the central apparatus have begun making more frequent on-site visits and are actively influencing the improvement of work by the ministries and departments associated with economy of resources.

The republic's Gosplan collegium has increased its attention toward the careful expenditure of material resources. It regularly hears reports by managers of autonomous republic gosplans and supply and marketing administrations of the krayispolkoms, oblispolkoms, ministries and departments. Last year the collegium meetings reviewed the work of the Noginsk "Emal'posuda" [Enamelware] Plant, the Baku experimental-test plant "Emal'posuda", the Bolshevik "Metalloposuda" [Metalware] Plant of the Ministry of Local Industry on their application of material resources in the production of zinc and enamel coated dishware, as well as the work of the Omskoblbyttekhnika and Astrakhan'oblbyttekhnika Production Associations of the Ministry of Consumer Services on their work in economy of spare parts for consumer technology. In the course of preparing and discussing the reports, previously unutilized reserves were discovered and subsequently introduced into operation, and measures were taken for improving expenditure standardization. For their part, the workers of the enterprises and ministries presented valuable comments directed toward improving material-technical provision. The consideration of these comments will help our organs in their subsequent work.

The reorganization of the structural subdivisions of the central apparatus has made it possible to concentrate the attention of specialists on the most important problems and to delve more deeply into the matter. The new capacities are being effectively utilized and are giving good results. The following examples are evidence of this fact.

The republic's Gosplan workers, having received requisitions, performed a careful study of the expenditure norms for fleece jersey fabric used in sewing coats at numerous enterprises. It turned out that they are different everywhere. Three meters are used in Vladimir Oblast, 3.2 in Ivanovo Oblast, and 5.3 meters in the Bashkir ASSR. Meanwhile, the expenditure norm for fleece jersey fabric ratified by the corresponding organs comprises 2.4 meters. This indicator was finally confirmed.

We did not approve the requests of the Ministry of Local Industry, which inflated the need for planed veneer sheeting. Having analyzed its expenditure at enterprises in the sector, we established the real norm.

It is no secret why some enterprises and ministries try to inflate their expenditure norms. Having "extra" reserves of raw goods and materials, it does not take much effort for them to fulfill their tasks on the economy of material-technical resources. This is why it is particularly important to constantly improve the system of control over formulation of norms and to improve normative economic management and increase its mobilizing significance. It is currently considered necessary to establish norms for the expenditure of the most important types of raw materials, fuel-energy and other resources in natural expression per unit of production in the five-year and annual plans. The nomenclature of materials for which centralized tasks on average reduction in expenditure norms are determined is being expanded.

As of last year, the enterprises, associations and industrial, construction and transport ministries are being given assignments on production cost, and within these assignments -- limits of material expenditures per ruble of production. The new indicator is one of the most important ones generalized in the system of comprehensive evaluation of the effectiveness of resource application.

The reserves here are extensive. The effectiveness of work on reducing the expenditure of material resources depends primarily on the ministries, departments, and organizations which prescribe the reduction in expenditure norms for the enterprises. Even the best measures cannot do any good if efficient control over their realization is not implemented. However, in many cases this, unfortunately, is forgotten. At a number of enterprises they do not even know about the tasks for reducing expenditure norms for raw goods and materials. Often the control figures reach the executors with great delay.

For example, the enterprises of the food industry in Kalinin Oblast received their assignments only at the end of April, those of the dairy industry and rural construction -- in March, and those of local industry -- in February of last year. The oblast's food industry administration received no directives from its superior organizations. Therefore, it worked out measures providing for the economy of 160 tons of specified fuel instead of the established 425 tons, and for a savings of 128,000 kilowatt-hours of electrical energy, while the assignment was for 150,000 kilowatt-hours.

Miscalculations in work on reducing the expenditure norms for raw goods and materials and intentional concealment of the available reserves for economy lead not only to a great overexpenditure of material valuables, but also create possibility for their waste and misappropriation. Huge quantities of above-norm reserves and unutilized materials accumulate at the warehouses.

By 1 January of last year, many millions of rubles worth of such reserves had accumulated at the enterprises within our system. All the efforts to achieve their reduction gave no results. Moreover, the excess grew in the course of the year. The problem is also complicated by the fact that in many places the valuable materials are not being stored under proper conditions. They spoil, and equipment and machinery rusts and complete sets are broken up.

The enterprises within our system suffer particularly great losses in such cases. A large portion of the material goods which have sat immobile for many years belongs to the different ministries and departments. However, the guilty fund holders bear no material responsibility for this. And since the storage of the material-technical resources belonging to them costs them literally nothing, they take no measures to sell them. Also, they will not let us sell them.

Nevertheless, we are speaking here of materials which are in the shortest supply -- paper products, furniture, machines and equipment. Thus it happens that narrow departmental interests lead to a constant accumulation at the warehouses and removal from national economic turnover the very material-technical resources which are in greatest demand. However, the paradox here also consists of something else. Certain parties are guilty of creating above-norm reserves and of waste and poor economic management, but others have to pay for this. The Gosbank [USSR State Bank] institutions charge us huge sums of money, but we do not have the right to seek these losses from the fund holders.

Up until recently, the reduction in above-norm materials which the ministries and departments did not need was hindered by the absence of reporting data on the remnants of valuables stored at shipment enterprises in their natural expression. This made it practically impossible for the trade administrations to take timely effective measures for reducing the unused reserves and to efficiently regulate their shipment to consignees. Thus, throughout Krasnoyarsk Kray in 1981 the funds for soda ash comprised 60 tons, and by 1 January 1982 almost the same amount was left. Despite this fact, the kray was allocated 60 more tons of soda for the next year.

This situation must now be eliminated. As of last year, accounting has been introduced on the presence of material-technical resources at the enterprises within our system on the basic nomenclature in natural expression. This will make it possible to more effectively solve problems of the rational application of available reserves.

We believe that the introduction of the new form of accountability is very important. It will also make it possible to more rationally and effectively utilize equipment. Much attention is being given in the republic to technical retooling and the fastest possible introduction of all that is new and modern in production. However, much of the manufactured equipment is not being used, but sits at warehouses of enterprises as well as supply-sales organizations. For the most part, it is intended for facilities which are under construction or reconstruction.

In recent years, the republic Gossnab has improved work on full complement supply to construction sites. Roskomplekt and the autonomous republic gossnabs and supply and sale administrations of the oblast and kray ispolkoms have begun to do more in terms of timely supply of equipment in strict correspondence with the ratified construction schedules.

Nevertheless, certain supply-sale organizations within our system continue to bring products for complementation to the enterprises for delivery. If the

construction schedule is disrupted and the clients refuse to take the equipment, it sits at the warehouses. The local administrations of sections of capital construction pay for the cost of the goods attained for the ministries and departments and sign for their receipt. The products, however, remain at the republic's Gossnab enterprises in so-called "safe-keeping" up until the preparation of the facilities where they may be installed. Often this may take up to two-three or more years.

If we approach the matter from the state point of view, then we believe there should be no "safe keeping". The organs of material-technical supply, and particularly Roskomplekt, must decisively fight against this practice. After all, we are speaking of sidetracking and removing from the national economic turnover a large mass of expensive production which must be effectively and rationally utilized. Finally, we must think of more serious means of dealing with the clients whose fault it is that these valuable material resources are taken out of commission for a long time.

Such an attitude toward public wealth is totally inadmissible. If at one facility under construction, in one republic or oblast the facilities are not in a state of construction readiness and it is clear that installation is not planned soon, then it is necessary to seek a consumer in another place where work has come to a standstill due to the absence of equipment. However, unfortunately, we are still not good at redistribution of technology and mechanisms.

The accumulation of products, particularly those which are in short supply, at shipment enterprises requires the organization of its safe keeping and prevention of misappropriation. Annual inventORIZATION is performed for this purpose. These inventories show our workers' attitude toward caring for socialist property. And we must conclude that this attitude is extremely unsatisfactory. Losses of material wealth due to pilfering and improper storage are not declining, but increasing with each year. Poor economic management is flourishing where there is no effective control over the state of product safe keeping, where warehouse bookkeeping and accounting is neglected and confused, and where inventory is taken superficially and incompetently.

The economy of raw material and fuel-energy resources is implemented generally in the sphere of production and construction, and depends greatly on the goal-oriented work of organs of material-technical supply. However, there are still many unsolved problems in the interrelations between the republic's ministries, departments and Gossnab organs. There are no normative documents retulating these interrelations. Therefore, our organizations cannot actively influence the improvement of work by the ministries and departments on careful expenditure of resources.

In order to take timely measures, it is necessary to have effective and, most importantly, reliable information. Unfortunately, the organs of the RSFSR Gossnab do not have it either in the center or at the sites. The fact is that there are no provisions for presenting statistical accountability on the movement of material-technical resources and the fulfillment of expenditure norms and assignments on the economy of raw goods and materials. The receipt of such accountability from the enterprises served by our system is planned only for next year.

The shortcomings listed above do not exhaust all the problems facing the republic's Gosplan. These problems must be solved by selfless labor, sequentially and with resolve. The efforts of workers within our system are currently directed toward this end.

The complex and all-encompassing task of economy and rational application of raw material, fuel-energy and other material resources requires maximal output from each engineer, worker, and all the laborers in the republic. However, in order to determine the personal contribution of each person, it is necessary to organize accurate and reliable accounting and accountability of work performed. It is here that there are still very many bottlenecks. This is particularly true of small and medium-sized enterprises subordinate to the republic.

Let us take, for example, the accounting of electrical energy expenditure. In rural areas, a single feeder often serves several households, and there is no organized separate determination of the amount of expended electrical energy. The accounting of electrical power consumption by shop or by work station has not been perfected at numerous plants and factories. Therefore, it is difficult to speak of personal contribution by one worker or another into the common task.

The situation is no better with the accounting for expenditure of thermal energy, boiler-furnace fuel, metal, cement, and lumber products. Often the materials arriving at the enterprise are not weighed, but received on the basis of the bills of lading. However, in many cases, control checks uncover significant divergence between the actual amounts and the data in the accompanying documents. In most cases this is undershipment, which is then written off to production. This does not further the cause of economy and gives rise to irresponsibility and misuse of material goods.

Many managers attempt to justify the sad state of affairs in accounting by "objective" difficulties -- the impossibility of organizing accurate accounting of the expenditure of raw goods and materials due to the large amount of consumed materials and broad nomenclature of the manufactured products. This is particularly characteristic for enterprises with small-series and singular production. Of course, there are many difficulties here, but "objective" reasons cannot be used as an excuse. With the current level of development of computer technology, development of proper accounting and provision of safety of material goods can and must be introduced. However, the practice which has been formed throughout many years is quite acceptable to many economic managers. As concerns the superior organs, they do not make the necessary demands upon them.

There is also a need for clarifying and further developing the order of acceptance of socialist responsibilities by enterprises and organizations on the economy of raw goods, materials, fuel and energy. Quite often these responsibilities turn out to be significantly lower than the established tasks. Such occurrences have unfortunately become more frequent recently.

The reason for this is the fact that the thrift indicators for certain managers have not yet become basic and determining factors, and they are viewed as being secondary and of little significance. You must agree, no one would think of taking on the responsibility of fulfilling a production plan below the set assignment. And if they did, the enterprise manager would immediately be corrected. However, the questions of rational expenditure of material resources in some places are still treated as a secondary matter. The enterprises participate in exhibitions and competitions on economy and often are awarded prizes, since the percentage of fulfillment of the adopted reduced responsibilities turns out to be, as a rule, quite high.

This attitude must be radically altered. The evaluation of a collective's achievements on the thrifty expenditure of material resources must be performed not only from the standpoint of fulfilling the accepted responsibilities, but also with consideration for fulfillment of the set assignments. This is the main thing. Otherwise it is difficult to achieve any great effect.

In saying that the economy of material-technical resources is a common matter, we must remember that each of us must take a most active part in this work. This is a task for both the central apparatus of the republic's Gosstab and all the on-site workers within our system. The basic efforts of the interdepartmental commissions on the economy and rational application of material resources which have been formed in the autonomous republics, krais and oblasts must be concentrated toward this end. These commissions are called upon to implement efficient control over the realization of measures directed at fulfilling established tasks on the average reduction of expenditure norms and economy of raw goods, materials, fuel, and energy. There are many hidden obstacles and problems to the solution of this problem, which does not seem to be very complex.

Let us ask: do the commissions have at their disposal generalized data for the republic, kray or oblast as a whole on the assignments which have been issued to enterprises and organizations for the economy of material resources? On-site checks have shown that the answer to this question is, unfortunately, no.

The evaluation of a region's participation in work on economy is performed on the basis of statistical accountability according to form 18-SN, which makes it possible to analyze the course of fulfillment of the socialist responsibilities accepted by the enterprise and organization collectives. However, it says nothing about the tasks set for economy. And since there are significant divergences between the accepted socialist responsibilities and these assigned tasks, how is it possible to implement control over maintaining conditions of thrift? For now we must depend on the initiative of local interdepartmental commissions, wait for them to find out from the enterprises and organizations what tasks were assigned for them, and take control of their realization.

Unfortunately, statistical accountability according to forms 12-SN and 11-SN also does not give accurate and reliable data on the assigned tasks for economy. Many enterprises and organizations are keeping silent about them. Thus, over one-third of the enterprises and organizations in Kalinin and Pskov Oblasts

indicated in their statistical reporting that they had no such assigned tasks. However, in the course of investigation it was established that they all have them. We may complain or be surprised, but the facts remain. This is a case of clear deception, and no one bears any responsibility for it.

The solution may be seen in forwarding the assignments for economy of material resources to the enterprises and organizations together with the plans for production volume as an integral whole. It is necessary to consider these assignments as being basic and very important. It would be expedient for the ministries and departments to forward copies of these assignments to the oblispolkoms, krayispolkoms, and Councils of Ministers of the autonomous republics for formulation of territorial plans on the economy of material resources. This would make it possible to implement permanent control over their fulfillment.

We must also mention one other problem. The organs of the all-state system of material-technical supply are finding numerous instances of ineffective and uneconomical utilization of material goods and are identifying specific guilty parties in the course of their investigations. However, the republic Gosstab cannot hold the guilty parties personally responsible. In our opinion, granting them this authority would make it possible to act more effectively than at present against responsible parties guilty of poor economic management and waste and against those who allow disruption of the order of application of material resources and their misappropriation.

The solution of the presented problems will facilitate improvement in work on the economic and rational application of material resources and the intensification of effect exerted by the organs of the all-state system of material-technical supply on this process.

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REGIONAL DEVELOPMENT

GOSPLAN OFFICIALS REVIEW BOOK ON URBAN DEVELOPMENT

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 11, Nov 83 pp 121-122

[Review by P. Semenov, deputy chief of a department of USSR Gosplan, and Doctor of Economic Sciences G. Kopanov, chief of a department of the Council for the Study of Productive Forces attached to USSR Gosplan, of book "Ekonomika gorodov: regional'nyy aspekt razvitiya" [Economy of Cities: Regional Aspect of Development] by N.A. Il'in. Moscow, "Nauka", 1982, 207 pages]

[Text] The book being reviewed is concerned with the study of the economy of cities. Its aim, tasks and content are conditioned by the need for a solution of the complex economic and social problems of cities.

The monograph shows the leading role of cities in forming systems of production and settlement of different regions. The concept advanced by the author of formation of systems of populated places and their proposed typology may be taken into account in improving the country's economic regionalization.

I.A. Il'in's work significantly develops a method of evaluating the effectiveness of a regional economy with the use of area indexes that take into consideration the sectorial structure of production. It is emphasized that the analysis of the economic effectiveness of production in different cities requires three indexes reckoned on a diverse structural base: labor productivity, yield on capital and capital-labor ratio. Such a method makes it possible to compare production and nonproduction costs with the results of production--volume of net production. But in this connection there should be shown the mathematical apparatus for the determination not only of the "agglomeration effect" but also of the effect obtained from the use of the best regional conditions of settlements.

Deserving of attention is the evaluation proposed in the work of the national-economic profile (specialization) of cities of various categories in the system of regional division of social labor, which was carried out with the aid of a system of indicators: coefficient of localization, indicators of effectiveness and indexes of production concentration. At the same time, the problems of city planning require the study of their specialization also with the help of indicators of shipping out and bringing in products. Without this, the inclusion of cities in the unified system of national-economic planning and first and foremost, as is required, in intersectorial and interregional balances of the production and consumption of output would be impossible. And this applies

first of all to intersectorial and interregional balances of production and consumption of goods.

The concluding portion of the monograph deals with problems of planning and forecasting the location and development of cities. The author's conclusion deserves to be supported that preplan developments are of primary importance in this connection: General, Regional and Sectorial Schemes of Development and Disposition of Productive Forces, Complex Program of Scientific-Technical Progress as well as General and Regional Settlement Schemes. All these documents should be worked up in close interrelation with each other.

The author correctly emphasizes that the prerogative in planning the development of city-forming sectors must henceforward belong to USSR Gosplan, ministries and departments (on the condition of coordination of these matters with city soviets of people's deputies). At the same time, it is necessary for city soviets to concentrate their efforts on the planning and effective utilization of local resources (manpower, regional, water and others) and on the solution of local intersectorial problems of economic development, first of all servicing production operations as well as the sphere of urban development and servicing of the population. All the more pertinent is the question of creating a mechanism of functioning of cities as an integral economic unit (with the use of cost-accounting principles).

A great deal of attention is paid in the monograph to problems of determination of indicators of population size of cities in planning and forecasting their development. Improved methods of calculating population size of cities are an essential condition for the fulfillment of the decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 in regard to the development of balances of manpower resources for republics, krais, oblasts and cities.

The disclosed laws and special features of development of a network of cities (large, medium-size and small) have made it possible for the author to make valid recommendations on improving their formation. Thus in the European part of the country, activating the development of small and medium-size cities must be connected to strengthening of regional agroindustrial complexes and in the republics of Central Asia to location of industrial enterprises (which would make it possible to utilize surplus manpower resources, primarily in rural localities). In Siberia and the Far East, it would be advantageous to create large industrial centers on the basis of small and medium-size cities. The development of branches of industrial enterprises and other city-servicing projects and locating them in small and medium-size cities as well as settlements of the urban type is suggested as the chief means of restraining the growth of large cities.

It should be noted that not all aspects of urban economic development are fully revealed in the book; a number of important propositions are described only too briefly. Questions of disposition of the social and production infrastructure in the cities should have been especially examined. This is important because large, medium-size and small populated places have significant differentiation in the disposition of individual types of infrastructure. Equalization of the

population's social living conditions in different urban settlements of many of the country's regions is becoming particularly urgent. A mechanism of economic regulation of growth of large cities and of social-economic activation of large and medium-size cities and planning of their integrated economic and social development needs to be developed. The author's proposal of collecting payment into the city budget from enterprises and cost-accounting organizations for their location and functioning in cities, especially small and medium-size, is as of now insufficiently justified. As shown by the example of Moscow and Leningrad it would be possible to use with the agreement of labor collectives a portion of the money of the economic incentive funds of enterprises and organizations for the solution of problems of municipal services. One would also like to see represented in a monographic study the question of certification [pasportizatsiya] of urban settlements. Especially since the work of certification has long been done at the Council for the Study of Productive Forces attached to USSR Gosplan. The group of indicators being used at the present time for these purposes is insufficient for the adoption at the all-union level of planned solutions for the development of cities and the location of enterprises in them. Validation is needed of the need for improving the system of such certification involving the use of machine data processing.

In conclusion, it can be said that the monograph will undoubtedly be of wide interest for a broad range of specialists.

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REGIONAL DEVELOPMENT

ECONOMIST URGES UPGRADING OF REGIONAL PLANNING

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 1, Jan 84 pp 88-93

[Article by V.Vorontsov, candidate of economic sciences: "Questions of Improvement of Regional Planning"]

[Text] The increased attention of state, planning and operational organs devoted to regional planning at the present stage is due to the importance of social-economic problems whose solution serves as the key to higher efficiency of public production. A special role in the economic development of the country is assigned to oblasts, krays and autonomous republics--constituents of our single national-economic complex. In terms of volume of industrial production, capital construction and agriculture, many of them have exceeded individual union republics.

Due to the unity of party, soviet and economic supervision, the oblast (in distinction to economic regions, regional production complexes, industrial centers and other regional formations) occupies a special place in the reproduction process. Complex economic and social phenomena occur on its territory. On the one hand, in the production process, enterprises of different industrial sectors and different affiliation located on the same territory are obliged to make use of natural resources, manpower and means of transportation. On the other, the necessary social conditions are created in the oblast for the all-around development of the individual and of highly productive labor, and intensive programs are realized of reducing employment of manual labor, speeding up the rate of scientific-technical progress, increasing production of consumer goods and much else.

The effective functioning of the production apparatus and the dynamic and proportional development of the economy presupposes efficient coordination of the operation of all enterprises and organizations located on the territory of the oblast and the coordinated operation of union, republic and local administrative organs. This is not a simple problem inasmuch as under present-day conditions, intersectorial and interregional ties have become considerably more complex, and their impairment in one part affects the condition of the national economy not only in one oblast but in the entire country. In economic development of oblasts, contradictions frequently arise, caused by lack of coordination of sectorial and regional planning. The individual local objectives of sectorial and regional organs frequently do not coincide. It is

more convenient for ministries expressing the interests of sectors to locate enterprises in those oblasts which already have developed communications and a developed infrastructure. Moreover, in those regions where they are created on everything that is already prepared, certain departments subsequently practically do not participate in the development of municipal service facilities. As a result enterprises frequently go into operation without the benefit of housing and municipal, cultural and consumer facilities. Often the time of full operation of the capacities is delayed and enterprises do not fulfill plans.

The inadequate coordination of the sectorial and regional systems of operation does not ensure reliable economic ties among enterprises, efficient utilization of manpower and natural resources, measures for protection of nature and the solution of intersectorial and interregional problems. It is impossible with the aid of sectorial plans to solve the whole variety of problems relating to the creation of a social infrastructure. Regional plans up to now, however, have encompassed only a part (lesser at that) of the regions' economy.

Oblast economy has reached that stage of development where deep qualitative changes in productive forces have become imminent. This has started to be reflected in the comprehensive plans of their economic and social development.

In accordance with the decisions of the 26th CPSU Congress, for the purpose of proportional development of oblasts and more effective utilization of the created economic and scientific-technical potential and of natural and manpower resources, a complex of measures is being carried for the improvement of regional planning.

With the issue of the decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 on improving the economic mechanism, objective conditions were created for the solution of legal, organizational, methodological problems of improving regional planning.

Soviets of people's deputies have started to make bigger demands on the level of integration of plans which now encompass all sides of the economic and social development of the oblast. This permits making more effective use of labor, material and financial resources, increasing production of consumer goods and developing housing construction and the service sphere. In the makeup of plans, consolidated sections are being developed for the entire complex of measures in the sphere of social development: improvement of conditions relating to work, living, recreation and medical services of workers, upgrading qualifications and vocational skills, the general-educational level and so forth. Social-development indicators are acquiring increasingly greater importance in the selection and validation of disposition of productive forces and equalization of regional differences in the living standard of the population of individual regions.

The working out of integrated plans of economic and social development has required the revision of the structure, style and methods of work of central and local planning organs and the development of a new methodological, instructional, administrative and other documentation.

In conformity with new tasks in the field of regional planning, the statute on local planning organs has been more precisely defined and reworked. In many oblast (kray) and autonomous republic planning committees, the structure of the apparatus and staff organization has been revised. In a number of them, new structural subdivisions were created using the internal resources of the soviets. The legal status of local planning organs has been upgraded. Chairmen of planning commissions have been simultaneously deputy chairmen of ispolkoms of the respective soviets.

A procedure was established for the development, presentation and coordination of draft five-year and annual plans of economic and social development and for the submission and examination of proposals on changing established plan targets. A number of questions that previously were under the jurisdiction of ispolkoms of oblast and kray soviets and ASSR councils of ministers has been turned over for solution by local planning organs.

Central and local organs have acquired a certain amount of work experience in planning of comprehensive economic and social development of oblasts, krays and autonomous republics, which is systematically studied and generalized. The Presidium of the USSR Supreme Soviet at a session in May 1982 examined and approved the positive work of the Soviets of People's Deputies of Leningrad and Leningrad Oblast relating to ensuring comprehensive economic and social development. In 1983, the Presidium of the USSR Supreme Soviet specially examined the question "On the Course of Fulfillment of the Decree of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers of 19 March 1981 'On Further Increasing the Role of Soviets of People's Deputies in Economic Construction.'" In particular, it was pointed out that soviets of people's deputies have activated work relating to management of state, economic and social-cultural construction and providing for comprehensive economic and social development on the territories of republics, krays, oblasts, okrugs, rayons and cities and greater efficiency of public production. The coordinating and control work of soviets has been expanded, and their influence over the operation of enterprises and organizations regardless of departmental subordination has been increased. Utilizing granted rights, they carry out a great deal of organizational work with all enterprises located on their territories in regard to questions coming under their competence.

This article does not have for its aim to describe results attained in the working out of plans of economic and social development of oblasts, krays and autonomous republics, although very useful experience has been accumulated in regard to this question. On the basis of existing data, it is more useful to dwell on the difficulties and problems relating to the further improvement of regional planning.

It would seem that all the necessary prerequisites have been created for improving comprehensive planning of economic and social development of the oblast. But the role of the subjective factor is still quite great. Positive results are to be found there where the importance and need of comprehensive planning has been understood.

At the present time, economic and social development plans are being worked out in all the autonomous republics, krais and oblasts of the RSFSR. But they differ from each other both in regard to the number of indicators and in regard to their quality. Plans worked out by the planning commissions of Moscow and Leningrad, the Bashkir ASSR and Tatar ASSR gosplans and by the Krasnoyarsk kray and Sverdlovsk and Rostov oblast commissions most fully meet the requirements of comprehensive development.

Necessary work has not been carried out everywhere on implementation of the rights of soviets of people's deputies in economic construction and on increasing the responsibility of heads of enterprises and associations for timely and qualitative presentation and coordination of drafts of plans with local organs with regard to unconditional fulfillment of set targets. In most oblasts, this work requires significant improvement.

It is necessary to pay special attention to the quality of regional (oblast, kray, ASSR) plans and to their balance in regard to local resources. Today the comprehensive plan is formed from the plans of all enterprises and organizations of higher affiliation as well as the plan for the development of the local economy (Moscow and Leningrad constitute an exception). It can be called complex only arbitrarily, since it is worked out not by a single organ but by several and does not take into consideration the specific nature of the local conditions.

Plans of oblast economic and social development continue to be complicated, laborious and multistage in working out. In accordance with the methodological recommendations set up by RSFSR Gosplan in 1977, several plans are worked out which possess varying degree of directivity. Drafts of annual and five-year plans consist of the draft of the plan for the economy under the jurisdiction of the local soviet and of basic indicators for the economy of higher affiliation and for the territory as a whole. In addition, drafts are worked out of consolidated plans of production of local construction materials and for the output of consumer goods, housing-municipal and cultural-consumer construction. Such a number of plans does not contribute to the quality of a region's comprehensive planning but significantly increases costs of and means for their compilation. Each of the enumerated sections and plans has its own methodological recommendations, forms and indicators, in which connection the number of the latter is unjustifiably excessive. Sometimes the indicators are prepared without mutual linkage.

A significant defect reducing the quality of drafts of plans is development of sectorial and regional plans at approximately one and the same time. For this reason enterprises and associations of higher affiliation, while not violating the schedule of sending their drafts to the ministry, do not hold to the schedules of their presentation to local planning organs.

Local planning organs have imposed on them the task to provide an evaluation of the drafts of plans coming to them from enterprises, to carry out their analysis, especially in regard to questions of housing, municipal and cultural construction, production of consumer goods, protection of nature and other indicators coming within the competence of the soviets. But they are not in a position to deeply analyze them and to prepare a valid conclusion on them.

Let us study this using as an example the work of the department of regional planning and disposition of productive forces of the Tatar ASSR Gosplan. The department must analyze in a short time the plan drafts (and give conclusions concerning them) of almost 500 industrial enterprises and associations belonging to more than 50 ministries and departments putting out 12 billion rubles worth of products per year; 120 general construction and specialized construction organizations assimilating each year more than 2 billion rubles of capital investment; 200 transport and communications organizations as well as a large number of enterprises of the service sphere and other sectors whose indicators are included in the comprehensive plans of the republic's economic and social development. According to tentative figures, the volume of planning, reporting, analytical and informational work in the Tatar ASSR Gosplan has recently grown more than twofold, in the Karbadino-Balkar ASSR Gosplan--1.5 fold and at the Krasnodar Kray Planning Commission--2.4-fold. But the size, structure and qualitative makeup of local planning organs have for all practical purposes not grown in the last 15-20 years.

At the present time, most oblast planning commissions of the Russian Federation do not have subdivisions for planning the production of consumer goods, transport, protection of the environment, development of rural subsidiary plots, introduction of automated systems of planning computations and others needed for working out plans of comprehensive economic and social development.

The staff of departments of regional planning and disposition of productive forces at the oblast level consists only of 4-5 employees. For this reason they are unable physically to perform such a volume of work. Moreover the earnings of personnel of planning commissions are 25-30 percent below the earnings of specialists of other comparable subdivisions, which does not permit attracting to the work people with high qualifications. The stated reasons reduce the quality of comprehensive planning.

The comprehensive approach to regional development has necessitated searching for new ways of rationally combining sectorial and regional planning. One of them is preparation of conclusions for drafts of plans of enterprises, associations and organizations of higher affiliation by local planning organs. This work has produced favorable results. According to data of RSFSR Gosplan, more than 2,000 proposals from local (planning) organs were received for drafts of plans of enterprises for 1984. Basically the proposals pertain to questions of increasing the output of consumer goods, volume of construction of facilities of nonproduction designation, refinement of the number of workers and employees engaged in construction and installation work. A portion of them has been favorably resolved by their ministries. Thus, of 375 proposals for drafts of plans of enterprises for the group of machine-building ministries, one-half was accepted for realization. For example, the Ministry of Heavy and Transport Machine Building resolved the question of increasing share participation in the building of purification installations in the Tatar ASSR, while the USSR Ministry of Nonferrous Metallurgy adopted the proposals of the Yakutsk ASSR Council of Ministers and of Smolensk Oblispolkom on increasing the volume of nonproduction construction at affiliated enterprises. On the basis of the proposals of the planning commissions of Volgograd and Kemerovo oblasts and of Khabarovsk Kray, the production volume was increased of asbestos cement sheets and

connecting pieces and of cement. The Ministry of the Gas Industry adopted proposals on increasing startup of capacities relating to gas pipelines and branches in the Bashkir, Mari and Mordovian ASSR's and Kurgan Oblasts.

Unresolved questions, however, exist in work contributing to the integrated development of the territories. Local soviets, after examining drafts of plans of enterprises and presenting their conclusions, do not know of the changes introduced in the plans by ministries until the plan drafts are approved at a session of the USSR Supreme Soviet and sent to the enterprises. A feedback system has not been worked out for local organs relating to proposals for the draft plans of enterprises. For this reason a number of ministries and departments simply do not respond to the numerous valid proposals of local origin.

For example, at the same time as the draft plans for 1984, 67 local planning commissions submitted their own proposals about increasing the production of consumer goods at enterprises of union and republic subordination by a sum total of 630 million rubles. Having examined them, the appropriate ministries found it possible to increase the volume of consumer goods production by only 213 million rubles all told.

A check showed that questions of increasing consumer goods output are not being correctly solved everywhere. In this work, there operate (aside from the subjective factor) objective reasons holding back growth of goods produced for the population. Drafts of plans for local production of consumer goods are worked out jointly with enterprises of higher association, and the resources are allocated by the appropriate ministries and departments. As a result, indicators designated in consolidated plans and approved by ispolkoms of local soviets are significantly reduced following their examination at the ministries while local organs are powerless to make any corrections.

The state of affairs is not better when it comes to the development of consolidated plans for housing and cultural-consumer construction. Despite the acute need of solving social questions, neither norms nor normatives exist at the present time according to which ministries would have to allocate funds for the construction of housing and of municipal and cultural-consumer facilities to dependent enterprises and organs. Local organs are obliged to look for some forms of influence of their own on sector administrative organs so as to induce them to allocate needed funds to subordinate enterprises. Attention is called to the work experience of the Tatar ASSR Gosplan and the Kazan city planning office for attracting funds of enterprises of union subordination for the construction of housing and facilities of cultural and consumer designation. Kazan, which has more than 1 million inhabitants, contains about 200 enterprises of 58 union and republic ministries and departments that allocate little capital investment for nonproduction construction. But the share of funds of associations, enterprises and organizations in the general city volume of capital investment is quite large (in 1982 it amounted to 70 percent and for housing construction--81 percent). Children's preschool institutions are, essentially, built from enterprise funds. Nonetheless the development of the social infrastructure in the city lags significantly behind its needs. For the purpose of attracting funds of labor collectives for nonproduction construction,

the city planning office has worked out special analytical cards which yearly provide data on growth of production, the number of workers, the size of allocated capital investment for production and housing and civil construction and information on the level of availability for workers of housing, personal service and municipal conditions and has specified for enterprises, associations and organizations the funds (computed per worker) that must be allotted for the development of the city's economy. The norms developed in this way are considered obligatory and are included in the decision of the ispolkom in setting aside land plots for the expansion of production capacities and modernization of enterprises as well as for the development of enterprises on existing territories.

RSFSR Gosplan has not offered effective measures to local planning organs for the solution of these important questions. The designated size of housing and cultural-personal services construction in regions is frequently not supported by substantiated calculations and actual provision for workers of housing, children's and medical institutions. Furthermore, the ministries themselves are not always favorably inclined with respect to proposals from the localities, refusing soviets in the solution of questions of integrated development of the economy.

For example, the Chita Worsted Cloth Combine of the RSFSR Ministry of the Textile Industry was built more than 10 years ago. Since 1982, it has not once fulfilled the plan of production output in physical terms. In 1982 and the first 10 months in 1983, this enterprise was short by more than 50 million rubles in production. At the combine, questions of better utilization of production capacities have not been solved, and deficiencies exist in providing it with raw materials. But the chief reason is that the necessary production and living conditions for the collective have not been created here. The RSFSR Ministry of the Textile Industry is not ensuring fulfillment of targets for the construction of facilities of nonproduction designation. During 1981-1983, the combine was allocated only half of the funds planned for making housing space available. In addition they are not being fully utilized. Due to lack of housing, there is a constant cadre shortage at the enterprise. By the end of 1983, the number of industrial-production personnel had been reduced by more than 1,000 persons compared to 1977. Yet the Chita Oblast Planning Commission in preparing the draft of the 1984 plan failed to submit to RSFSR Gosplan any proposals for improving the operation of the Chita Worsted Cloth Combine.

For the purpose of upgrading the quality of preparing plans of economic and social development of oblasts (krays, autonomous republics), strengthening their balance and giving fuller consideration to regional resources as well as for substantiating proposals for draft plans of enterprises, local planning organs are working up cost, labor, material and nature-management [prirodokhozyaystvennyye] and other balances. But in some oblasts these balances (data) are only being used formally in the working up of integrated plans.

Let us take, for example, the problem of manpower resources. It is becoming particularly pertinent at this time. The national economy has an acute need for cadres. The problem of manpower resources in specific regions needs to

be solved by qualitatively new methods while paying special attention to the accelerating development of the social infrastructure.

Local soviets are adopting measures together with sectorial organs for improving the use of manpower. With this aim in mind, enterprises and organizations have to coordinate with them the growth in the number of workers and employees and for newly started up enterprises--additional requirements for them. In some oblasts, the coordination of personnel size is assigned to the city and rayon organs where the enterprises are located and in others--to oblast organs. But the approach to the fulfillment of this important measure is not being done thoughtfully in all oblasts. Balances of manpower resources, which serve as the basis for coordination of the personnel size of workers and employees, are compiled as a rule only as reporting balances for consolidated sectors without an analysis of individual specific regional units. For the purpose of covering additional worker cadre needs, there is proposed, essentially an organized recruitment of manpower from other oblasts of the country. Taking into account the shortage of manpower resources in the regions, the balances should be examined at ispolkoms of local soviets or buros of party obkoms and be compiled into a clear-cut concrete program for improving the use of manpower resources and reducing manual labor as was done for example, in the Tatar ASSR for reducing the 11th Five-Year Plan. Reporting and planned balances of manpower resources are practically not worked out for cities and rayons of oblasts (krays, ASSR) because of inadequate methods, lack of necessary statistical data and shortage of personnel at planning commissions.

Certain ispolkoms of local soviets, despite the shortage of manpower resources, on proposals of planning commissions, give enterprises and associations permission to increase the number of workers and employees significantly in excess of what is possible. For example, the economy of Gorkiy Oblast in 1982 lacked 33,000 persons according to plans of enterprises and organizations. But despite this, the oblispolkom agreed to an increase of 12,800 persons in 1983. In Kalinin Oblast, with a shortage of 42,700 workers, enterprises and organizations were given permission for an increase to the number of 5,600 persons. Some ministries and departments and ispolkoms of local soviets display an elementary lack of discipline, violate prescribed procedure and approve for enterprises a limit above the one agreed upon. Ispolkoms of local soviets specified for enterprises of the RSFSR Ministry of Land Reclamation and Water Resources for 1983 an increase of 300 persons in the number of workers and employees, while the ministry specified for them a limit of 1,200 persons. For the RSFSR as a whole, in 1982 each fifth enterprise's personnel size of workers exceeded the prescribed one, and ministries and departments as well as ispolkoms of soviets of people's deputies rarely applied sanctions for these violations.

But the problem here is not solely restricted to the noted factors. Other reasons also hold back this work. So far no methodological recommendations are to be found of a consolidated computation of requirements for workers and employees with whose aid planning commissions could effectively and with an adequate degree of accuracy examine the drafts of labor plans of enterprises. In accordance with existing procedure, only those associations turn to ispolkoms of local soviets which anticipate a growth of manpower resources or those

enterprises which have become operational. In this case a large group of enterprises, not contemplating growth of personnel size, remains outside the field of vision of the soviets. It would appear to be useful for all enterprises located in the region to coordinate with local soviets the needed number of workers and employees and for everyone to engage in improving their utilization and reducing the number employed through introduction of mechanization and automation of production and other factors. This will help reduce the shortage of manpower resources.

An important means of soviets of people's deputies influencing comprehensive economic and social development of oblasts (krays, autonomous republics) is forming a plan of contract work in their areas. Local government organs with the participation of clients and contracting organizations examine drafts of plans of contract work and offer their conclusions concerning them. Such work has a favorable effect on the balance of capital investment plans with capacities of construction organizations and manpower resources and on the timely startup of facilities. But many contracting construction ministries refashion plans of contracting work proposed by local organs to suit themselves without their approval. For example, the Tatar ASSR Gosplan when developing a draft plan for 1983 incorporated proposals on reducing the volume of contracting work for the USSR Ministry of Industrial Construction by 27.2 million rubles and for the Ministry of Rural Construction--by 16.9 million rubles. The ministries, however, did not agree with the proposals, although the reduction of the volume was proposed to be carried out in connection with newly started facilities.

There are still many unresolved questions in the work of local organs relating to coordination of capital construction plans: no methodological materials exist for working out of proposals for plans of contracting work and for a procedure of their examination by contracting ministries; in many oblasts no work has begun on the preparation of a balance of the capacities of construction organizations and of allocated capital investment; the draft plan of contracting work is compiled without the active participation of local planning organs; in many oblasts it is not examined at ispolkoms of local soviets or at the buros of party obkoms.

As shown by analysis, plans of economic and social development of oblasts, krays and autonomous republics still do not provide the yield which is necessary for the integrated and proportional development of regions. Many indicators in draft plans do not possess the necessary validity and balance. Some indicators are artificially high, while others are artificially low. Intersectorial questions are not reflected in the plans. Analytical materials, explanatory notes for a draft plan do not always disclose reserves existing in regions for growth of production and its efficiency and are frequently of a formal character. They present few proposals for ministries and departments on improving the operation of associations, enterprises and organizations. An insufficiently thorough analysis is given of the fulfillment of annual and five-year plans, nor are the reasons disclosed for underfulfillment of targets.

It becomes perfectly clear that questions of organic combination of sectorial and regional planning are not worked through to the end. Local soviets of

people's deputies do not have adequate material, financial and legal resources for effectively influencing the development of the entire economy located on the territory of their jurisdiction; in practice, the sphere of their operation is restricted by the framework of the local economy; they still do not bear the full brunt of responsibility for the comprehensive development of the region.

Due to these circumstances, it would be useful to concentrate in the oblast greater material and financial resources, increasing the accountability and rights of oblast government organs for their more effective utilization. Such experience does exist. This is borne out by the practical work of planning comprehensive economic and social development of Moscow and Leningrad. A distinctive feature is the fact that the accountability of ministries and departments has been increased for ensuring comprehensive integrated development of all sectors of the economies of these cities. A number of measures were implemented aimed at further improving the work of compiling draft plans of economic and social development of the entire economy located on the territory, increasing preplan and balance work, changing the system of working up capital construction plans, boosting the efficiency of production and more efficiently utilizing manpower and regional resources. The draft plan for Moscow and Leningrad is worked out on the basis of proposals of USSR and RSFSR ministries and departments. It comes out as an independent section of the State Plan of Economic and Social Development of the USSR, is approved at a session of the USSR Supreme Soviet and becomes a directive for all ministries and departments.

Taking into consideration the favorable experience of planning the comprehensive development of Moscow and Leningrad, it would be advantageous gradually to apply it to other large administrative units. This will increase the effectiveness of regional planning and its role in the development of regions.

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